

AMENDED IN ASSEMBLY APRIL 23, 2014

AMENDED IN ASSEMBLY MARCH 24, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2554

Introduced by Assembly Member Rendon

February 21, 2014

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a clean, safe, and reliable drinking water program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

AB 2554, as amended, Rendon. Clean, Safe, and Reliable Drinking Water Act of 2014.

(1) Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Clean, Safe, and Reliable Drinking Water Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$8,500,000,000 pursuant to the State General Obligation Bond Law to finance a clean, safe, and reliable drinking water program.

This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Division 26.7 (commencing with Section 79700) of the Water Code, as added by Section 1 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, is repealed.

SEC. 2. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:

DIVISION 26.7. CLEAN, SAFE, AND RELIABLE
DRINKING WATER ACT OF ~~2014~~. 2014

CHAPTER 1. SHORT TITLE

79700. This division shall be known, and may be cited, as the Clean, Safe, and Reliable Drinking Water Act of 2014.

CHAPTER 2. FINDINGS

79701. The people of California find and declare all of the following:

(a) Safeguarding supplies of clean and safe drinking water to California's homes, businesses, and farms is an essential responsibility of government, and critical to protecting the quality of life for Californians.

(b) Every Californian should have access to clean, safe, and reliable drinking water, consistent with the human right to water and Section 106.3. Providing adequate supplies of clean, safe, and reliable drinking water is vital to keeping California's economy growing and strong.

1 (c) Climate change has impaired California's capacity to ensure
2 clean, safe, and reliable drinking water, as droughts have become
3 more frequent and more severe, and ecosystems have become
4 stressed. Higher temperatures mean less snowpack, which is the
5 state's largest water reservoir. Scientists project a loss of at least
6 25 percent of the snowpack in the Sierra Nevada Mountains by
7 2050. The Colorado River basin, which provides drinking water
8 to southern California, has experienced prolonged ~~drought~~.
9 *drought*.

10 (d) California's water infrastructure continues to age and
11 deteriorate. More than 50 years ago, Californians approved the
12 construction of the State Water Project. In the decades that
13 followed, California's water leaders developed the most
14 sophisticated system of state, federal, regional, and local water
15 infrastructure anywhere in the world. In recent decades, however,
16 that water infrastructure and the water environment on which it
17 depends have deteriorated.

18 (e) In the years since the voters approved the State Water
19 Project, California's population has continued to grow, from less
20 than 16 million in 1960 to more than 37 million in 2010. A growing
21 population and a growing economy have put greater stress on
22 California's natural resources, including water. The Department
23 of Finance projects that California's population will reach 50
24 million by 2049.

25 (f) A growing population and a growing economy have put
26 greater stress on California's natural resources, including water.
27 Contamination of groundwater aquifers from economic activity
28 in the agricultural and industrial sectors has threatened vital
29 drinking water supplies.

30 (g) As California and its water infrastructure have grown,
31 increasing demands on California's limited water supplies and
32 deteriorating aquatic ecosystems have led to intense conflict,
33 further threatening the reliability of clean and safe drinking water.

34 79702. The people of California find and declare all of the
35 following:

36 (a) A sustainable water future can provide the means for
37 California to maintain vibrant communities, globally competitive
38 agriculture, and healthy ecosystems, which are all a part of the
39 quality of life that attracts so many to live in California.

(b) Responding to climate change, ensuring clean and safe drinking water, and preparing for California's continued growth will require a diversified portfolio of strategies and investments to address the many water challenges facing California.

(c) Improving water quality offers one of the most immediate steps to ensuring a clean and safe drinking water supply. California needs water quality improvements at all parts of the hydrologic cycle, from source water in the watersheds where the state's drinking water supplies originate to wastewater treatment and potential reuse to improve surface water quality for those who live downstream.

(d) Addressing the challenges to the sustainability of the Delta, the heart of the California water system, will help resolve some of the conflicts that impede progress in improving the statewide water system.

(e) Enhancing regional water self-reliance consistent with Section 85021 offers a key strategy for addressing climate change and improving water supply reliability. It helps the Delta and it helps local communities to address their own water challenges. Water conservation and water recycling form one part of the regional water self-reliance strategy and are commonsense methods to make more efficient use of existing water supplies.

CHAPTER 3. DEFINITIONS

79703. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this division, as follows:

(a) "CALFED Bay-Delta Program" means the program described in the Record of Decision dated August 28, 2000.

(b) "Commission" means the California Water Commission.

(c) "Committee" means the Clean, Safe, and Reliable Drinking Water Finance Committee created by Section 79802.

(d) "Delta" means the Sacramento-San Joaquin Delta, as defined in Section 85058.

(e) "Delta conveyance facilities" means facilities that convey water directly from the Sacramento River to the State Water Project or the federal Central Valley Project pumping facilities in the south Delta.

1 (f) “Delta counties” means the Counties of Contra Costa,
2 Sacramento, San Joaquin, Solano, and Yolo.

3 (g) “Department” means the Department of Water Resources.

4 (h) “Director” means the Director of Water Resources.

5 (i) “Disadvantaged community” has the meaning set forth in
6 subdivision (a) of Section 79505.5.

7 (j) “Economically distressed area” means a municipality with
8 a population of 20,000 persons or less, a rural county, or a
9 reasonably isolated and divisible segment of a larger municipality
10 where the segment of the population is 20,000 persons or less,
11 with an annual median household income that is less than 85
12 percent of the statewide median household income, and with one
13 or more of the following conditions as determined by the
14 department:

15 (1) Financial hardship.

16 (2) Unemployment rate at least 2 percent higher than the
17 statewide average.

18 (3) Low population density.

19 (k) “Fund” means the Clean, Safe, and Reliable Drinking Water
20 Fund of 2014 created by Section 79717.

21 (l) “Integrated regional water management plan” has the
22 meaning set forth in Section 10534.

23 (m) “Nonprofit organization” means an organization qualified
24 to do business in California and qualified under Section 501(c)(3)
25 of Title 26 of the United States Code.

26 (n) “Public agency” means a state agency or department, district,
27 joint powers authority, city, county, city and county, or other
28 political subdivision of the state.

29 (o) “Rainwater” has the meaning set forth in subdivision (c) of
30 Section 10573.

31 (p) “Severely disadvantaged community” has the meaning set
32 forth in subdivision (n) of Section 116760.20 of the Health and
33 Safety Code.

34 (q) “Small community water system” means a community water
35 system that serves no more than 3,300 service connections or a
36 yearlong population of no more than 10,000 persons.

37 (r) “State General Obligation Bond Law” means the State
38 General Obligation Bond Law (Chapter 4 (commencing with
39 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
40 Code).

(s) “State small water system” has the meaning set forth in subdivision (n) of Section 116275 of the Health and Safety Code.

(t) “Stormwater” has the meaning set forth in subdivision (e) of Section 10573.

CHAPTER 4. GENERAL PROVISIONS

79705. An amount that equals not more than 5 percent of the funds allocated for a financial assistance program pursuant to this division may be used to pay the administrative costs of that program.

79706. Unless otherwise specified, up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for “preliminary plans,” “working drawings,” and “construction” as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring data shall be collected and reported to the State Water Resources Control Board in a manner that is compatible and consistent with surface water monitoring data systems or groundwater monitoring data systems administered by the State Water Resources Control Board. Watershed monitoring data shall be collected and reported to the Department of Conservation in a manner that is compatible and consistent with the statewide watershed program data system administered by the Department of Conservation.

79707. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 9 (commencing with Section 79760).

79708. (a) Prior to disbursing grants or loans pursuant to this division, each state agency that receives an appropriation from the funding made available by this division to administer a competitive grant or loan program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines shall include monitoring and reporting requirements and may include a limitation on the dollar amount of grants or loans to be awarded.

1 If the state agency previously has developed and adopted project
2 solicitation and evaluation guidelines that comply with the
3 requirements of this subdivision, it may use those guidelines.

4 (b) Prior to disbursing grants or loans, the state agency shall
5 conduct three public meetings to consider public comments prior
6 to finalizing the guidelines, as the implementing state agency
7 determines to be necessary. The state agency shall publish the draft
8 solicitation and evaluation guidelines on its Internet Web site at
9 least 30 days before any public meetings held pursuant to this
10 subdivision. Upon adoption, the state agency shall transmit copies
11 of the guidelines to the fiscal committees and the appropriate policy
12 committees of the Legislature.

13 79709. It is the intent of the people that:

14 (a) The investment of public funds pursuant to this division will
15 result in public benefits that address the most critical statewide
16 needs and priorities for public funding.

17 (b) Beneficiaries pay for the benefits they receive from projects
18 funded pursuant to this division.

19 (c) In the appropriation and expenditure of funding authorized
20 by this division, priority will be given to projects that leverage
21 private, federal, or local funding or produce the greatest public
22 benefit.

23 (d) A funded project advances the purposes of the chapter from
24 which the project received funding.

25 (e) In making decisions regarding water resources, state and
26 local water agencies use the best available science to inform those
27 decisions.

28 (f) Special consideration will be given to projects that employ
29 new or innovative technology or practices, including decision
30 support tools that support the integration of multiple jurisdictions,
31 including, but not limited to, water supply, flood control, land use,
32 and sanitation.

33 (g) Except as provided in Sections 79726 and 79727, the costs
34 of stewardship, operation, and maintenance of the projects funded
35 by this division will be paid from other sources of revenue that are
36 sustainable over the long term.

37 (h) Evaluation of projects considered for funding pursuant to
38 this division will include review by professionals in the fields
39 relevant to the proposed project.

1 (i) To the extent practicable, a project supported by funds made
2 available by this division will include signage informing the public
3 that the project received funds from the Clean, Safe, and Reliable
4 Drinking Water Act of 2014.

5 (j) Projects funded with proceeds from this division will be
6 consistent with Division 7 (commencing with Section 13000) of
7 this code and Section 13100 of the Government Code.

8 79710. (a) The California State Auditor shall annually conduct
9 a programmatic review and an audit of expenditures from the fund.

10 (b) Notwithstanding Section 10231.5 of the Government Code,
11 the California State Auditor shall report its findings annually on
12 or before March 1 to the Governor and the Legislature, and shall
13 make the findings available to the public.

14 (c) If an audit, required by statute, of a public agency that
15 receives funding authorized by this division is conducted pursuant
16 to state law and reveals any impropriety, the California State
17 Auditor or the Controller may conduct a full audit of any or all of
18 the activities of the public agency.

19 (d) The state agency issuing any grant or loan with funding
20 authorized by this division shall require adequate reporting of the
21 expenditures of the funding from the grant or loan.

22 79711. (a) Funds provided by this division shall not be
23 expended to support or pay for the costs of environmental
24 mitigation measures except as part of the environmental mitigation
25 costs of projects financed by this division. Funds provided by this
26 division may be used for environmental enhancements or other
27 public benefits.

28 (b) Funds provided by this division shall not be expended for
29 the acquisition or transfer of water rights except for a dedication
30 of water approved in accordance with Section 1707.

31 79712. Funds provided by this division shall not be expended
32 to pay the costs of the design, construction, operation, mitigation,
33 or maintenance of Delta conveyance facilities. Those costs shall
34 be the responsibility of the water agencies that benefit from the
35 design, construction, operation, or maintenance of those facilities.

36 79713. (a) This division does not diminish, impair, or
37 otherwise affect in any manner whatsoever any area of origin,
38 watershed of origin, county of origin, or any other water rights
39 protections, including, but not limited to, rights to water
40 appropriated prior to December 19, 1914, provided under the law.

1 This division does not limit or affect the application of Article 1.7
2 (commencing with Section 1215) of Chapter 1 of Part 2 of Division
3 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and
4 11463, and Sections 12200 to 12220, inclusive.

5 (b) For the purposes of this division, an area that utilizes water
6 that has been diverted and conveyed from the Sacramento River
7 hydrologic region, for use outside the Sacramento River hydrologic
8 region or the Delta, shall not be deemed to be immediately adjacent
9 thereto or capable of being conveniently supplied with water
10 therefrom by virtue or on account of the diversion and conveyance
11 of that water through facilities that may be constructed for that
12 purpose after January 1, 2014.

13 (c) Nothing in this division supersedes, limits, or otherwise
14 modifies the applicability of Chapter 10 (commencing with Section
15 1700) of Part 2 of Division 2, including petitions related to any
16 new conveyance constructed or operated in accordance with
17 Chapter 2 (commencing with Section 85320) of Part 4 of Division
18 35.

19 (d) Unless otherwise expressly provided, nothing in this division
20 supersedes, reduces, or otherwise affects existing legal protections,
21 both procedural and substantive, relating to the state board's
22 regulation of diversion and use of water, including, but not limited
23 to, water right priorities, the protection provided to municipal
24 interests by Sections 106 and 106.5, and changes in water rights.
25 Nothing in this division expands or otherwise alters the state
26 board's existing authority to regulate the diversion and use of water
27 or the courts' existing concurrent jurisdiction over California water
28 rights.

29 (e) Nothing in this division shall be construed to affect the
30 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing
31 with Section 5093.50) of Division 5 of the Public Resources Code)
32 and funds authorized pursuant to this division shall not be available
33 for any project that could have an adverse effect on the values
34 upon which a wild and scenic river or any other river is afforded
35 protections pursuant to the California Wild and Scenic Rivers Act.

36 (f) Nothing in this division supersedes, limits, or otherwise
37 modifies the Sacramento-San Joaquin Delta Reform Act of 2009
38 (Division 35 (commencing with Section 85000)).

39 79714. Eligible applicants under this division are public
40 agencies, public utilities, federally recognized Indian tribes, state

1 Indian tribes listed on the Native American Heritage Commission's
2 California Tribal Consultation List, and nonprofit organizations.
3 A public agency may use funding authorized by this division to
4 benefit recipients of water from mutual water companies that
5 operate a public water system if the funding provides public
6 benefits. To be eligible for funding under this division, a project
7 proposed by a public utility shall have a clear and definite public
8 purpose, benefit its customers, and comply with Public Utilities
9 Commission rules on government funding for public utilities.

10 79715. The Legislature may enact legislation necessary to
11 implement programs funded by this division.

12 79716. (a) Unless otherwise specified, any state agency that
13 has the statutory authority to implement one or more of the
14 purposes specified in this bond may be eligible for appropriations
15 from the funding made available by this division.

16 (b) Funding made available by this division shall not be
17 appropriated to a specific project.

18 (c) Projects funded pursuant to this division may use the services
19 of the California Conservation Corps or certified community
20 conservation corps, as defined in Section 14507.5 of the Public
21 Resources Code.

22 (d) The Legislature may approve multiyear budget change
23 proposals for appropriation of the funds authorized by this division.

24 79717. The proceeds of bonds issued and sold pursuant to this
25 division shall be deposited into the Clean, Safe, and Reliable
26 Drinking Water Fund of 2014, which is hereby created in the State
27 Treasury.

28 79718. Each state agency that receives an appropriation of
29 funding made available by this division shall be responsible for
30 establishing metrics of success and reporting the status of projects
31 and all uses of the funding on the state's bond accountability
32 Internet Web site, as provided by statute.

33
34 CHAPTER 5. CLEAN AND SAFE DRINKING WATER
35

36 79720. The sum of one billion dollars (\$1,000,000,000) shall
37 be available, upon appropriation by the Legislature from the fund,
38 for expenditures, grants, and loans for projects that improve water
39 quality or help provide clean and safe drinking water to all
40 Californians.

1 79721. The projects eligible for funding pursuant to this chapter
2 shall help improve water quality for a beneficial use. The purposes
3 of this chapter are to:

4 (a) Reduce contaminants in drinking water supplies regardless
5 of the source of the water or the contamination, including the
6 assessment and prioritization of the risk to the safety of drinking
7 water supplies.

8 (b) Address the critical and immediate needs of disadvantaged,
9 rural, or small communities that suffer from contaminated drinking
10 water supplies, including, but not limited to, projects that address
11 a public health emergency.

12 (c) Leverage other private, federal, state, and local drinking
13 water quality and wastewater treatment funds.

14 (d) Reduce contaminants in discharges to, and improve the
15 quality of, surface water streams.

16 (e) Improve water quality of surface water streams, including
17 multibenefit stormwater quality projects.

18 (f) Prevent further contamination of drinking water supplies.

19 (g) Provide disadvantaged communities with public drinking
20 water infrastructure that provides clean and safe drinking water
21 supplies that the community can sustain over the long term.

22 (h) Ensure access to clean, safe, and affordable drinking water
23 for California's communities.

24 79722. (a) A project that receives funding under this chapter
25 shall be selected by a competitive grant or loan process with added
26 consideration for those projects that leverage private, federal, or
27 local funding. This subdivision shall not apply to projects for the
28 purposes of Section 79727 that address a public health priority for
29 which no other source of funding can be identified.

30 (b) An agency administering grants or loans for the purposes
31 of this chapter shall assess the capacity of a community to pay for
32 the operation and maintenance of the facility to be funded.

33 (c) A project that receives funding authorized by this chapter
34 may be implemented by any public water system or other public
35 water agency.

36 79723. An applicant for a project to clean up a groundwater
37 aquifer shall demonstrate that a public agency has authority to
38 manage the water resources in that aquifer in order to be eligible
39 for funding pursuant to this chapter. This section does not apply

1 to projects that install treatment facilities at the wellhead, customer
2 connection, or the tap.

3 79724. The contaminants that may be addressed with funding
4 pursuant to this chapter may include, but shall not be limited to,
5 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,
6 selenium, hexavalent chromium, mercury, PCE
7 (perchloroethylene), TCE (trichloroethylene), DCE
8 (dichloroethene), DCA (dichloroethane), 1,2,3-TCP
9 (trichloropropane), carbon tetrachloride, 1,4-dioxane,
10 1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron,
11 manganese, and uranium.

12 79725. Of the funds authorized in Section 79720, not less than
13 four hundred million dollars (\$400,000,000) shall be available for
14 deposit in the State Water Pollution Control Revolving Fund Small
15 Community Grant Fund created pursuant to Section 13477.6 for
16 grants for wastewater treatment projects. Priority shall be given
17 to projects that serve disadvantaged communities and severely
18 disadvantaged communities, and to projects that address public
19 health hazards. Projects may include, but not be limited to, projects
20 that identify, plan, design, and implement regional mechanisms
21 to consolidate wastewater systems or provide affordable treatment
22 technologies.

23 79726. (a) Of the funds authorized in Section 79720, one
24 hundred million dollars (\$100,000,000) shall be available for
25 deposit in the Emergency Clean Water Grant Fund, established
26 pursuant to Section 116475 of the Health and Safety Code, for
27 grants and direct expenditures to finance public health emergencies
28 and urgent actions, as may be determined by the Legislature, to
29 ensure that safe drinking water supplies are available to all
30 Californians. Eligible projects include, but are not limited to, the
31 following:

32 (1) Providing interim water supplies, including, but not limited
33 to, bottled water, where necessary to protect public health.

34 (2) Identifying, planning, designing, and constructing projects
35 that improve or replace existing water systems to provide safe,
36 reliable, accessible, and affordable drinking water, provide other
37 sources of safe drinking water, including, but not limited to,
38 replacement wells, and prevent contamination.

39 (3) Establishing connections to an adjacent water system.

1 (4) The design, purchase, installation, and initial operating costs
2 for interim water treatment equipment and systems.

3 (b) The administering entity may expend up to ten million
4 dollars (\$10,000,000) for grants and loans to address the water
5 quality needs of private well owners that have no other source of
6 funding and serve members of a disadvantaged community.

7 79727. (a) Of the funds authorized in Section 79720, four
8 hundred million dollars (\$400,000,000) shall be available for grants
9 and loans for public water system infrastructure improvements
10 and related actions to meet safe drinking water standards, ensure
11 affordable drinking water, or both. Priority shall be given to
12 projects that provide treatment for contamination or access to an
13 alternate drinking water source or sources for small community
14 water systems or state small water systems in disadvantaged
15 communities whose drinking water source is impaired by chemical
16 and nitrate contaminants and other health hazards identified by
17 the implementing agency. Eligible recipients serve disadvantaged
18 communities and are public agencies or incorporated mutual water
19 companies. The implementing agency may make grants for the
20 purpose of financing feasibility studies and to meet the eligibility
21 requirements for a construction grant. Eligible expenses may
22 include initial operation and maintenance costs for systems serving
23 disadvantaged communities, for a period not to exceed two years.
24 Special consideration shall be given to projects that provide shared
25 solutions for multiple communities, at least one of which is a
26 disadvantaged community that lacks safe, affordable drinking
27 water and is served by a small community water system, state
28 small water system, or a private well. Construction grants shall be
29 limited to five million dollars (\$5,000,000) per project, except that
30 the implementing agency may set a limit of not more than twenty
31 million dollars (\$20,000,000) for projects that provide regional
32 benefits or are shared among multiple entities, at least one of which
33 shall be a small disadvantaged community. Not more than 25
34 percent of a grant may be awarded in advance of actual
35 expenditures.

36 (b) The administering entity may expend up to twenty-five
37 million dollars (\$25,000,000) of the funds allocated in subdivision
38 (a) for technical assistance to eligible communities.

39 79728. Of the funds authorized in Section 79720, up to one
40 hundred million dollars (\$100,000,000) shall be available for

1 improving groundwater quality, including, but not limited to, the
2 costs of planning, design, and construction of improvements
3 necessary to resume delivery of safe drinking water.

4 79729. (a) For the purposes of awarding funding under this
5 chapter, a local cost share of not less than 50 percent of the total
6 costs of the project shall be required. The cost-sharing requirement
7 may be waived or reduced for projects that directly benefit a
8 disadvantaged community or an economically distressed area.

9 (b) At least 10 percent of the funds available pursuant to this
10 chapter shall be allocated for projects serving severely
11 disadvantaged communities.

12 (c) Funding authorized pursuant to this chapter shall include
13 funding for technical assistance to disadvantaged communities.
14 The agency administering this funding shall operate a
15 multidisciplinary technical assistance program for small and
16 disadvantaged communities.

17 (d) Funding for planning activities, including technical
18 assistance, to benefit disadvantaged communities may exceed 10
19 percent of the funds allocated, subject to the determination of the
20 need for additional planning funding by the state agency
21 administering the funding.

22
23 CHAPTER 6. PROTECTING RIVERS, LAKES, STREAMS, COASTAL
24 WATERS, AND WATERSHEDS
25

26 79730. (a) The sum of one billion five hundred million dollars
27 (\$1,500,000,000) shall be available, upon appropriation by the
28 Legislature from the fund, in accordance with this chapter, for
29 expenditures and grants for multibenefit ecosystem and watershed
30 protection and restoration projects in accordance with statewide
31 priorities.

32 (b) *In consultation with the Natural Resources Agency, an*
33 *agency seeking an appropriation of the funds available pursuant*
34 *to this chapter shall develop a regional conservation investment*
35 *plan for the use of the funds. The plan shall identify how*
36 *expenditures of the appropriation by the agency would meet*
37 *regional needs, consistent with statewide priorities. The plan shall*
38 *describe how the proposed expenditures will do all of the following:*

1 (1) Increase coordination of state agency investments to restore,
2 protect, and maintain the natural and recreational resources of
3 the agencies' respective regions.

4 (2) Advance statewide priorities, as relevant and appropriate
5 in the agency's region.

6 (3) Integrate and leverage federal, state, and local agency goals,
7 priorities, and investments in the agency's region.

8 (4) Describe methods to assess progress toward achieving the
9 goals of this chapter.

10 (5) Provide for tracking and reporting of progress toward
11 achieving the goals of this chapter.

12 (c) In coordination with the Natural Resources Agency, all state
13 agencies expending funds provided pursuant to this chapter shall
14 provide annual written reports to the Natural Resources Agency
15 on expenditures made and how those expenditures advance the
16 statewide priorities. Each agency and the Natural Resources
17 Agency shall produce and make available to the public annual
18 written reports on total expenditures made and progress toward
19 meeting statewide priorities.

20 (d) Statewide priorities shall be established by statute or other
21 authorized plan and consistent with the goals of this chapter.

22 79731. (a) Of the funds made available by this chapter, the
23 following specified amounts shall be made available to the
24 specified regions for any purpose described in Section 79732 or
25 for a region-specific purpose or priority identified below:

26 (1) Seventy-six million dollars (\$76,000,000) for the North
27 Coast region with a priority for protection and restoration of
28 anadromous fish populations and coastal watersheds. *Additional*
29 *region-specific purposes shall include the following:*

30 (A) Protection and restoration of North Coast rivers, including
31 enforcement programs to address illegal water diversions and
32 fishery protection.

33 (B) Programs to support the State of California's exercise of
34 its sovereign right to manage the Trinity River and ensure sufficient
35 instream waterflow to protect the Trinity River and Klamath River
36 fishery resources.

37 (C) Small-scale, seasonal storage projects that provide instream
38 waterflow during the summer to address the needs of North Coast
39 fishery resources.

(2) One hundred nine million dollars (\$109,000,000) for the San Francisco Bay Area, not including the Delta, with a priority for protection and restoration of regional watersheds or watersheds that provide water supply to the region. *Additional region-specific purposes shall include the following:*

(A) *Flood management projects on public lands that provide critical flood, water quality, and wetland ecosystem benefits to the San Francisco Bay Area.*

(B) *South San Francisco Bay wetland restoration projects.*

(3) One hundred nine million dollars (\$109,000,000) for the Sierra Nevada and Cascade Range region, with a priority for protection and restoration of watersheds that produce water for the statewide water system.

(4) Seventy-six million dollars (\$76,000,000) for the Central Coast region, with a priority for ~~protection of coastal resources~~ *protection, maintenance, and restoration of major coastal rivers and watersheds in the region.*

(5) Seventy-six million dollars (\$76,000,000) for the Central Valley region, not including the Delta.

(6) One hundred forty-two million dollars (\$142,000,000) for the region in the jurisdiction of the California Regional Water Quality Control Board, Los Angeles, with a priority for protection, restoration, and connectivity of the Los Angeles or San Gabriel Rivers and the tributaries of those rivers. *Additional region-specific purposes shall include the following:*

(A) Programs to support the State of California's exercise of its sovereign right to manage the Los Angeles River in collaboration with the communities through which it passes. *Notwithstanding subdivision (d), funds available for this purpose may be appropriated to a state agency other than a state conservancy.*

(B) Multibenefit programs to protect and restore the Santa Monica Mountains and San Gabriel Mountains watersheds.

(C) Multibenefit programs that address water quality and water supply issues related to the region's urban watersheds and communities.

(D) Multibenefit programs to improve connectivity and create greenways along rivers, including projects that build connections between the river and the neighborhoods through which it passes and provide for river-based recreation.

1 (E) Multibenefit programs that build partnerships between the
2 State of California and local governments near rivers and promote
3 education and engagement of the local communities, especially
4 disadvantaged communities, in decisions as to the management of
5 rivers.

6 (7) Seventy-six million dollars (\$76,000,000) for the region in
7 the jurisdiction of the California Regional Water Quality Control
8 Board, Santa Ana, with a priority for protection and restoration *of*
9 *watersheds and multispecies habitat* of the Santa Ana River
10 ~~watershed or groundwater resources.~~

11 (8) Seventy-six million dollars (\$76,000,000) for the region in
12 the jurisdiction of the California Regional Water Quality Control
13 Board, San Diego, *with a priority* for protection and restoration
14 of the region's watersheds *and coastal resources.*

15 (9) Ten million dollars (\$10,000,000) for the region in the
16 jurisdiction of the California Regional Water Quality Control
17 Board, Lahontan or Colorado River Basin, for protection and
18 restoration of the region's ~~watersheds~~ *watersheds, groundwater*
19 *and river water quality*, and wetland resources.

20 (b) In selecting projects for funding, a state agency that receives
21 an appropriation of funds available pursuant to this section shall
22 ~~seek, consider, and incorporate comments from~~ *consult and*
23 *cooperate with* communities that are adjacent or near the proposed
24 project.

25 (c) In order to promote community participation in watershed
26 protection efforts, a state agency that receives an appropriation of
27 funds available pursuant to this section may disburse funding to a
28 nonprofit organization before the organization has incurred
29 expenses for the project, subject to the state agency's careful
30 supervision and oversight of the organization's expenditure of
31 funding authorized by this chapter.

32 (d) *Funds available pursuant to this section shall be*
33 *appropriated to a state conservancy or, in an area not served by*
34 *a state conservancy, a state agency with the authority to carry out*
35 *the purposes of this chapter.*

36 79732. In protecting and restoring California rivers, lakes,
37 streams, and watersheds, the purposes of this chapter are to:

38 (a) Protect and increase the economic benefits arising from
39 healthy watersheds, fishery resources, and instream flow.

- 1 (b) Implement watershed adaptation projects in order to reduce
2 the impacts of climate change on California's communities and
3 ecosystems.
- 4 (c) Restore river parkways throughout the state, including, but
5 not limited to, projects pursuant to the California River Parkway
6 Act of 2004 (Chapter 3.8 (commencing with Section 5750) of
7 Division 5 of the Public Resources Code), in the Urban Streams
8 Restoration Program established pursuant to Section 7048, and
9 urban river greenways.
- 10 (d) Protect and restore aquatic, wetland, and migratory bird
11 ecosystems, including fish and wildlife corridors and the
12 acquisition of water rights for instream flow pursuant to Section
13 1707.
- 14 (e) Fulfill the obligations of the State of California in complying
15 with the terms of multiparty settlement agreements related to water
16 resources.
- 17 (f) Remove barriers to fish passage.
- 18 (g) Collaborate with federal agencies in the protection of fish
19 native to California and wetlands in the central valley of California.
- 20 (h) Implement fuel treatment projects to reduce wildfire risks,
21 protect watersheds tributary to water storage facilities, and promote
22 watershed health.
- 23 (i) Protect and restore rural and urban watershed health to
24 improve watershed storage capacity, forest health, protection of
25 life and property, stormwater resource management, and
26 greenhouse gas reduction.
- 27 (j) Promote access and recreational opportunities to watersheds
28 and waterways that are compatible with habitat values and water
29 quality objectives.
- 30 (k) Promote educational opportunities to instruct and inform
31 Californians, including young people, about the value of
32 watersheds.
- 33 (l) Protect and restore coastal watersheds, including, but not
34 limited to, bays, marine estuaries, and nearshore ecosystems.
- 35 (m) Reduce pollution or contamination of rivers, lakes, streams,
36 or coastal waters, prevent and remediate mercury contamination
37 from legacy mines, and protect or restore natural system functions
38 that contribute to water supply, water quality, or flood management.
- 39 (n) Assist in the recovery of endangered, threatened, or
40 migratory species by improving watershed health, instream flows

1 pursuant to Section 1707, fish passage, coastal or inland wetland
2 restoration, or other means, such as natural community
3 conservation plan and habitat conservation plan implementation.

4 (o) Promote urban forestry pursuant to the Urban Forest Act of
5 1978 (Chapter 2 (commencing with Section 4799.06) of Division
6 4 of the Public Resources Code).

7 79733. For restoration and ecosystem protection projects under
8 this chapter, the services of the California Conservation Corps or
9 a local conservation corps certified by the California Conservation
10 Corps shall be used whenever feasible.

11 79734. (a) Notwithstanding Section 79711, of the funds
12 authorized in Section 79730, five hundred million dollars
13 (\$500,000,000) shall be available to fulfill the obligations of the
14 State of California in complying with the terms of any of the
15 following:

16 (1)

17 (a) The February 18, 2010, Klamath Basin Restoration
18 Agreement or Klamath Hydroelectric Settlement Agreement.

19 (2)

20 (b) The Quantification Settlement Agreement, as provided in
21 subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002
22 and in Chapters 611, 612, and 613 of the Statutes of 2003.

23 (3)

24 (c) The San Joaquin River Restoration Settlement, as described
25 in Part I of Subtitle A of Title X of Public Law 111-11.

26 (4)

27 (d) Section 3406(d) of Title 34 of Public Law 102-575.

28 (5) The Tahoe Regional Planning Compact set forth in Section
29 66801 of the Government Code pursuant to Title 7.42 (commencing
30 with Section 66905) of the Government Code.

31 ~~(b) Of the funds authorized in Section 79730, two hundred fifty~~
32 ~~million dollars (\$250,000,000) shall be available to the Natural~~
33 ~~Resources Agency, subject to appropriation and direction by the~~
34 ~~Legislature, to support projects of a state conservancy, not~~
35 ~~including the Delta Conservancy, as provided in the conservancy's~~
36 ~~strategic plan.~~

37 ~~(c) In order to guide the expenditure of funds described in this~~
38 ~~chapter, the Natural Resources Agency shall develop a statewide~~
39 ~~natural resource protection plan to identify priorities consistent~~
40 ~~with the purposes of this section. All expenditures by state~~

conservancies and state agencies of funds described in this section shall advance the priorities set forth in the statewide natural resource protection plan. The plan shall aggregate and coordinate existing state planning efforts and shall be completed within one year of voter approval of this division.

~~(d) In coordination with the Natural Resources Agency, all state conservancies expending funds provided pursuant to subdivision (b) shall provide biennial written reports to the Natural Resources Agency on expenditures made and how those expenditures advance the statewide priorities set forth in the statewide natural resource protection plan developed pursuant to subdivision (c). The Natural Resources Agency shall produce and make available to the public biennial written reports on total expenditures made and progress toward meeting statewide priorities.~~

79735. (a) *The Legislature finds and declares the following:*

(1) *The Sierra Nevada and Cascade Range region is an important part of the state's economy as the source of approximately 75 percent of California's developed water supply.*

(2) *The Sierra Nevada and Cascade Range region supplies the majority of the freshwater that flows into the Delta.*

(3) *As California's principal watershed, the Sierra Nevada and Cascade Range region is the critical source of water for municipal, agricultural, and industrial use throughout California.*

(4) *The primary headwaters of the State Water Project and the federal Central Valley Project are found in this region.*

(5) *A changing climate will likely impair California's capacity to ensure clean, safe, and reliable water for communities, farms, and businesses. Forecasts of more precipitation arriving as rain rather than snow in the Sierra Nevada and Cascade Range region increase the importance of health watersheds and the role they play in water quality, supply, and management.*

(6) *Predictions of sea level rise give added importance to the fresh water delivered to the Delta for meeting salinity standards.*

(7) *The Sierra Nevada and Cascade Range region has a number of significant existing conditions that threaten the reliability, supply, and quality of California's water supply.*

(b) *Of the funds authorized in Section 79730, fifty million dollars (\$50,000,000) shall be available to support the following activities in the Sierra Nevada and Cascade Range region necessary to*

1 *protect and restore water reliability, quality, and supply while*
2 *promoting climate change preparedness:*

3 *(1) Forest treatments to improve forest health and reduce the*
4 *risk of large, damaging fires and associated impacts such as the*
5 *loss of storage capacity in reservoirs due to sedimentation and*
6 *degraded water quality.*

7 *(2) Forest, stream, and meadow restoration to increase water*
8 *yield and promote natural storage provided by meadows and the*
9 *snow pack.*

10 *(3) Postfire restoration projects to improve watershed health,*
11 *water quality, and flood control capacity.*

12 *(4) Remediation of water quality impairments associated with*
13 *legacy mining that left behind mercury and other toxins.*

14 *(5) Conservation of natural areas to prevent conversion to other*
15 *uses that could adversely impact water quality and yield.*

16 79736. *Of the funds authorized in Section 79730, fifty million*
17 *dollars (\$50,000,000) shall be available to support programs and*
18 *projects that fulfill one or more of the purposes described in*
19 *Section 79732 in coastal regions that are not connected to the*
20 *State Water Project and have a significant tourism industry. The*
21 *funded projects shall reflect regional decisions as to balancing*
22 *the competing demands for coastal watersheds, including, but not*
23 *limited to, habitat, water supply reliability, and tourism.*

24 79737. *Of the funds authorized in Section 79730, fifty million*
25 *dollars (\$50,000,000) shall be available to support statewide*
26 *priorities for protecting and restoring California rivers, lakes,*
27 *streams, coastal waters, and watersheds.*

28 79738. *Of the funds authorized in Section 79730, one hundred*
29 *million dollars (\$100,000,000) shall be available for multibenefit*
30 *watershed and urban river enhancement programs in urban*
31 *watersheds, including watersheds that drain into the San Francisco*
32 *Bay. A program funded by this section shall improve regional*
33 *water self-sufficiency and achieve at least two of the following*
34 *objectives:*

35 *(a) Promote groundwater recharge and water reuse.*

36 *(b) Reduce energy consumption.*

37 *(c) Use soils, plants, and natural processes to treat runoff.*

38 *(d) Create or restore native habitat.*

39 *(e) Increase regional and local resiliency and adaptability to*
40 *climate change.*

1 ~~79735.~~

2 79739. For the purposes of this chapter, the terms “protection”
3 and “restoration” have the meanings set forth in Section 75005 of
4 the Public Resources Code.

5
6 CHAPTER 7. CLIMATE CHANGE AND DROUGHT PREPAREDNESS
7 FOR REGIONAL WATER SECURITY
8

9 79740. The sum of two billion dollars (\$2,000,000,000) shall
10 be available, upon appropriation by the Legislature from the fund,
11 for expenditures and competitive grants and loans to projects that
12 respond to climate change and contribute to regional water security
13 as provided in this chapter.

14 79741. In order to improve regional water self-reliance and
15 adapt to the effects on water supply arising out of climate change,
16 the purposes of this chapter are to:

17 (a) Help water infrastructure systems adapt to climate change,
18 including, but not limited to, sea level rise.

19 (b) Provide incentives for water agencies throughout each
20 watershed to collaborate in managing the region’s water resources
21 and setting regional priorities for water infrastructure.

22 (c) Improve regional water self-reliance, including projects that
23 reduce future reliance on the Delta watershed in meeting
24 California’s future water supply needs, consistent with Section
25 85021.

26 (d) Fund the increment of project costs, up to 50 percent of the
27 total cost of a project, related to the project’s public benefits,
28 defined as follows:

29 (1) Any regional self-reliance improvement to meet water supply
30 needs.

31 (2) Any net improvement to public trust resources, including
32 the conservation of species listed as endangered or threatened
33 under the federal Endangered Species Act of 1973 (16 U.S.C. Sec.
34 1531 et seq.) or the California Endangered Species Act (Chapter
35 1.5 (commencing with Section 2050) of Division 3) of the Fish
36 and Game Code.

37 79742. (a) In selecting among proposed projects in a
38 watershed, the scope of the adopted integrated regional water
39 management plan may be considered by the administering state
40 agency, with priority going to projects in plans that cover a greater

1 portion of the watershed. If a plan covers substantially all of the
2 watershed, then the plan's project priorities shall be given
3 deference.

4 (b) An urban water supplier that does not prepare, adopt, and
5 submit its urban water management plan in accordance with the
6 Urban Water Management Planning Act (Part 2.6 (commencing
7 with Section 10610) of Division 6) is ineligible to apply for funds
8 made available pursuant to this chapter until the urban water
9 management plan is prepared and submitted in accordance with
10 the requirements of that act.

11 (c) An agricultural water supplier that does not prepare, adopt,
12 and submit its agricultural water management plan in accordance
13 with the Agricultural Water Management Planning Act (Part 2.8
14 (commencing with Section 10800) of Division 6) is ineligible to
15 apply for funds made available pursuant to this chapter until the
16 agricultural water management plan is prepared and submitted in
17 accordance with the requirements of that act.

18 (d) A local agency that does not prepare, adopt, and submit its
19 groundwater management plan in accordance with Part 2.75
20 (commencing with Section 10750) of Division 6 is ineligible to
21 apply for funds made available pursuant to this chapter until the
22 plan is prepared and submitted in accordance with the requirements
23 of that part. The groundwater management plan requirement shall
24 not apply to a water replenishment district formed pursuant to
25 Division 18 (commencing with Section 60000) or to a local agency
26 that serves or has authority to manage an adjudicated groundwater
27 basin.

28 (e) For the purposes of awarding funding under this chapter, a
29 cost share from nonstate sources of not less than 50 percent of the
30 total costs of the project shall be required. The cost sharing
31 requirement may be waived or reduced for projects that directly
32 benefit a disadvantaged community or an economically distressed
33 area.

34 (f) Not less than 10 percent of the funds authorized by this
35 chapter shall be allocated to projects that directly benefit
36 disadvantaged communities.

37 (g) For the purposes of awarding funding under Section 79744,
38 the applicant shall demonstrate that the integrated regional water
39 management plan the applicant's project implements contributes

1 to addressing the risks in the region to water supply and water
2 infrastructure arising from climate change.

3 (h) Projects that achieve multiple benefits shall receive special
4 consideration.

5 79743. Subject to the determination of regional priorities by
6 the regional water management group and the purposes described
7 in Section 79741, projects eligible for funding allocated regionally
8 by Section 79744 may include, but are not limited to, projects that
9 promote any of the following:

10 (a) Water reuse and recycling for nonpotable reuse and direct
11 and indirect potable reuse.

12 (b) Water-use efficiency and water conservation.

13 (c) Local and regional surface and underground water storage,
14 including groundwater aquifer cleanup or recharge projects.

15 (d) Regional water conveyance facilities that improve integration
16 of separate water systems.

17 (e) Watershed protection, restoration, and management projects,
18 including projects that reduce the risk of wildfire or improve water
19 supply reliability.

20 (f) Stormwater resource management, including, but not limited
21 to, the following:

22 (1) Projects to reduce, manage, treat, or capture rainwater or
23 stormwater.

24 (2) Projects that provide multiple benefits such as water quality,
25 water supply, flood control, or open space.

26 (3) Decision support tools that evaluate the benefits and costs
27 of multibenefit stormwater projects.

28 (4) Projects to implement a stormwater resource plan developed
29 in accordance with Part 2.3 (commencing with Section 10560) of
30 Division 6.

31 (g) Conjunctive use of surface and groundwater storage
32 facilities.

33 (h) Water desalination projects.

34 (i) Decision support tools to model regional water management
35 strategies to account for climate change and other changes in
36 regional demand and supply projections.

37 79744. (a) Of the funds authorized in Section 79740, the sum
38 of one billion dollars (\$1,000,000,000) shall be allocated to the
39 hydrologic regions as identified in the California Water Plan in
40 accordance with this section. For the South Coast hydrologic

1 region, the department shall establish three funding areas that
2 reflect the watersheds of San Diego County and southern Orange
3 County (designated as the San Diego subregion), the Santa Ana
4 River watershed (designated as the Santa Ana subregion), and the
5 Los Angeles and Ventura County watersheds (designated as the
6 Los Angeles subregion), and shall allocate funds to those areas in
7 accordance with this subdivision. The North and South Lahontan
8 hydrologic regions shall be treated as one area for the purpose of
9 allocating funds. For purposes of this subdivision, the Sacramento
10 River hydrologic region does not include the Delta. For purposes
11 of this subdivision, the Mountain Counties Overlay is not eligible
12 for funds from the Sacramento River hydrologic region or the San
13 Joaquin River hydrologic region. Multiple integrated regional
14 water management plans may be recognized in each of the areas
15 allocated funding.

16 (b) Funds described in this section shall be allocated as follows:

17 (1) Forty-five million dollars (\$45,000,000) for the North Coast
18 hydrologic region.

19 (2) One hundred thirty-two million dollars (\$132,000,000) for
20 the San Francisco Bay hydrologic region.

21 (3) Fifty-eight million dollars (\$58,000,000) for the Central
22 Coast hydrologic region.

23 (4) One hundred ninety-eight million dollars (\$198,000,000)
24 for the Los Angeles subregion.

25 (5) One hundred twenty-eight million dollars (\$128,000,000)
26 for the Santa Ana subregion.

27 (6) Eighty-seven million dollars (\$87,000,000) for the San Diego
28 subregion.

29 (7) Seventy-six million dollars (\$76,000,000) for the Sacramento
30 River hydrologic region.

31 (8) Sixty-four million dollars (\$64,000,000) for the San Joaquin
32 River hydrologic region.

33 (9) Seventy million dollars (\$70,000,000) for the Tulare/Kern
34 hydrologic region.

35 (10) Fifty-one million dollars (\$51,000,000) for the North/South
36 Lahontan hydrologic region.

37 (11) Forty-seven million dollars (\$47,000,000) for the Colorado
38 River Basin hydrologic region.

39 (12) Forty-four million dollars (\$44,000,000) for the Mountain
40 Counties Overlay.

1 (c) Funds allocated pursuant to this section may be used for the
2 purposes described in Sections 79745 and 79747.

3 79745. (a) Of the funds authorized by Section 79740, two
4 hundred fifty million dollars (\$250,000,000) shall be available for
5 direct expenditures, grants, and loans for water conservation and
6 water use efficiency plans, projects, and programs, including either
7 of the following:

8 (1) Urban water conservation plans, projects, and programs,
9 including regional projects and programs, implemented to achieve
10 urban water use targets developed pursuant to Section 10608.20.
11 Priority for funding shall be given to programs that do any of the
12 following:

13 (A) Assist water suppliers and regions to implement
14 conservation programs and measures that are not locally cost
15 effective.

16 (B) Support water supplier and regional efforts to implement
17 programs targeted to enhance water use efficiency for commercial,
18 industrial, and institutional water users.

19 (C) Assist water suppliers and regions with programs and
20 measures targeted toward realizing the conservation benefits of
21 implementation of the provisions of the state landscape model
22 ordinance.

23 (2) Agricultural water management plans or agricultural water
24 use efficiency projects and programs developed pursuant to Part
25 2.8 (commencing with Section 10800) of Division 6. Of the funds
26 provided by this section, one hundred million dollars
27 (\$100,000,000) shall be available for improving on-farm water
28 use efficiency, including, but not limited to, drip irrigation.

29 (b) Section 1011 applies to all conservation measures that an
30 agricultural water supplier or an urban water supplier implements
31 with funding under this chapter. This subdivision does not limit
32 the application of Section 1011 to any other measures or projects
33 implemented by a water supplier.

34 (c) For purposes of this section, funded projects shall not be
35 required to comply with the requirements of the Integrated
36 Regional Water Management Planning Act of 2002 (Part 2.2
37 (commencing with Section 10530) of Division 6). The funding
38 available pursuant to this section may be appropriated to an
39 integrated regional water management program or plan.

1 79746. Of the funds authorized by Section 79740, five hundred
2 million dollars (\$500,000,000) shall be available, upon
3 appropriation by the Legislature from the fund, for grants and
4 low-interest loans for water recycling and advanced treatment
5 technology projects, including all of the following:

6 (a) Water recycling projects, including, but not limited to,
7 treatment, storage, conveyance, and distribution facilities for
8 potable and nonpotable recycling projects.

9 (b) Contaminant and salt removal projects, including, but not
10 limited to, groundwater and seawater desalination and associated
11 treatment, storage, conveyance, and distribution facilities.

12 (c) Dedicated distribution infrastructure to serve residential,
13 agricultural, commercial, and industrial end-users to allow the use
14 of recycled water.

15 (d) Pilot projects for new salt and contaminant removal
16 technology.

17 (e) Groundwater recharge infrastructure related to recycled
18 water.

19 (f) Technical assistance and grant writing assistance for
20 disadvantaged communities.

21 (g) For projects funded pursuant to this section, at least a 50
22 percent local cost share shall be required. That cost share may be
23 suspended or reduced for disadvantaged communities and
24 economically distressed areas.

25 (h) Water supply reliability improvement for critical urban water
26 supplies in designated superfund areas with groundwater
27 contamination listed on the National Priorities List established
28 pursuant to Section 105 of the Comprehensive Environmental
29 Response, Compensation, and Liability Act of 1980, as amended
30 (42 U.S.C. Sec. 9605(a)(8)(B)).

31 (i) Projects funded pursuant to this section shall be selected on
32 a competitive basis, considering all of the following criteria:

33 (1) Regional water supply reliability improvement.

34 (2) Water quality and ecosystem benefits related to decreased
35 reliance on diversions from the Delta or instream flows.

36 (3) Public health benefits from improved drinking water quality.

37 (4) Cost-effectiveness.

38 (5) Energy efficiency and greenhouse gas emission impacts.

(6) Reasonable geographic allocation to eligible projects throughout the state including both northern and southern California and coastal and inland regions.

(j) For the purposes of this section, eligible projects shall implement a plan or strategy by one or more regional water agencies or integrated regional water management groups to incorporate water recycling or advanced treatment technology into the region's water supplies.

(k) For purposes of this section, competitive programs shall be implemented consistent with water recycling programs administered pursuant to Sections 79140 and 79141 or consistent with desalination programs administered pursuant to Sections 79545 and 79547.2.

(l) For purposes of this section, funded projects shall not be required to comply with the requirements of the Integrated Regional Water Management Planning Act of 2002 (Part 2.2 (commencing with Section 10530) of Division 6).

79747. (a) It is the policy of the State of California that stormwater shall be managed for water supply benefits to the maximum extent possible, in conjunction with other benefits that effective stormwater management may provide. Funding for stormwater management shall be drawn from federal, state, regional, and local agency resources, to the extent available.

(b) Of the funds authorized by Section 79740, two hundred fifty million dollars (\$250,000,000) shall be available for grants and loans for multibenefit stormwater management projects.

(c) Eligible projects may include, but shall not be limited to, green infrastructure, rainwater and stormwater capture projects, and stormwater treatment facilities.

(d) Development of plans for stormwater projects shall address the entire watershed and incorporate the perspectives of communities adjacent to the affected waterways, especially disadvantaged communities.

(e) For purposes of this section, funded projects shall not be required to comply with the requirements of the Integrated Regional Water Management Planning Act of 2002 (Part 2.2 (commencing with Section 10530) of Division 6). The funding available pursuant to this section may be appropriated to an integrated regional water management program or plan.

1 79748. In order to receive funding authorized by this chapter
2 to address groundwater quality or supply in an aquifer, the
3 applicant shall demonstrate that a public agency has authority to
4 manage the water resources in that aquifer. A groundwater
5 management plan adopted and approved pursuant to Part 2.75
6 (commencing with Section 10750) of Division 6 shall be deemed
7 sufficient to satisfy the requirements of this section.

8
9 CHAPTER 8. SACRAMENTO-SAN JOAQUIN DELTA
10 SUSTAINABILITY
11

12 79750. (a) The sum of one billion dollars (\$1,000,000,000)
13 shall be available, upon appropriation by the Legislature from the
14 fund, for grants and direct expenditures to improve the
15 sustainability of the Delta as follows:

16 (1) Four hundred million dollars (\$400,000,000) of the funding
17 available pursuant to this chapter shall be available for the purpose
18 identified in subdivision (b) of Section 79751.

19 (2) Six hundred million dollars (\$600,000,000) of the funding
20 available pursuant to this chapter shall be available for the purposes
21 identified in subdivisions (a) and (c) of Section 79751.

22 (3) Funding available pursuant to paragraphs (1) and (2) may
23 be combined to provide funding to projects that accomplish more
24 than one of the purposes identified in Section 79751.

25 (b) This chapter provides state funding for public benefits
26 associated with projects needed to assist in the Delta's
27 sustainability as a vital resource for fish, wildlife, water quality,
28 water supply, agriculture, and recreation.

29 79751. In order to promote the sustainability and resiliency of
30 the Delta, the purposes of this chapter are to:

31 (a) Protect, restore, and enhance the Delta ecosystem.

32 (b) Maintain and improve existing Delta levees.

33 (c) Promote the sustainability of the Delta.

34 79752. The funds authorized in Section 79750 shall not be
35 used to pay the costs of a public agency exercising eminent domain
36 to acquire or use property. All property acquired with moneys
37 available pursuant to this chapter shall be acquired from willing
38 sellers.

1 79754. Funding authorized by this chapter for the purpose of
2 subdivision (a) of Section 79751 may include, but is not limited
3 to, the following:

4 (a) Projects to protect and restore native fish and wildlife
5 dependent on the Delta ecosystem, including improvement of
6 aquatic or terrestrial habitat or the removal or reduction of
7 undesirable invasive species.

8 (b) Projects to reduce greenhouse gas emissions from exposed
9 Delta soils.

10 (c) Scientific studies and assessments that support the projects
11 authorized under this section.

12 79755. (a) Funding authorized by this chapter for the purpose
13 of subdivision (b) of Section 79751 shall reduce the risk of levee
14 failure and flood in the Delta and may be expended, consistent
15 with the Delta levee investment priorities recommended pursuant
16 to Section 85306, for any of the following:

17 (1) Local assistance under the Delta levee maintenance
18 subventions program under Part 9 (commencing with Section
19 12980) of Division 6, as that part may be amended.

20 (2) Special flood protection projects under Chapter 2
21 (commencing with Section 12310) of Part 4.8 of Division 6, as
22 that chapter may be amended.

23 (3) Levee improvement projects that increase the resiliency of
24 levees within the Delta to withstand earthquake, flooding, or sea
25 level rise.

26 (4) Emergency response and repair projects.

27 (b) All projects funded pursuant to this section shall be subject
28 to Section 79050.

29
30 CHAPTER 9. WATER STORAGE FOR CLIMATE CHANGE
31

32 79760. (a) Notwithstanding Section 162, the commission may
33 make the determinations, findings, and recommendations required
34 of it by this chapter independent of the views of the director. All
35 final actions by the commission in implementing this chapter shall
36 be taken by a majority of the members of the commission at a
37 public meeting noticed and held pursuant to the Bagley-Keene
38 Open Meeting Act (Article 9 (commencing with Section 11120)
39 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
40 Code).

1 (b) The commission shall submit project status reports as
2 requested to the Department of Finance.

3 (c) Projects shall be selected by the commission through a
4 competitive public process that ranks potential projects based on
5 the expected return for public investment as measured by the
6 magnitude of the public benefits provided, pursuant to criteria
7 established under this chapter.

8 (d) Only projects selected by the commission shall be eligible
9 for funding authorized by this chapter. Funding authorized by this
10 chapter shall be appropriated to the commission.

11 (e) The commission shall, to the extent feasible, maximize the
12 following:

13 (1) Leveraging of the funding made available in this chapter
14 with funds from federal, local, and private sources.

15 (2) Statewide storage benefits or regional storage benefits that
16 promote regional self-reliance.

17 79761. The sum of three billion dollars (\$3,000,000,000) is
18 hereby continuously appropriated from the fund, without regard
19 to fiscal years, to the commission, for expenditures, competitive
20 grants, and loans for public benefits associated with projects that
21 expand the state's water storage capacity.

22 79762. In order to expand the state's water storage capacity to
23 address the impacts of climate change on the snowpack in the
24 Sierra Nevada Mountains and water storage resources, the purposes
25 of this chapter are to:

26 (a) Construct new surface water storage projects.

27 (b) Restore and expand groundwater aquifer storage capacity.

28 (c) Restore water storage capacity of existing surface water
29 storage reservoirs.

30 (d) Remediate or prevent contamination of groundwater aquifers.

31 (e) Construct and expand stormwater retention facilities.

32 79763. Projects for which the public benefits are eligible for
33 funding under this chapter consist of only the following:

34 (a) Surface storage projects identified in the CALFED Bay-Delta
35 Program Record of Decision, dated August 28, 2000, except for
36 projects prohibited by Chapter 1.4 (commencing with Section
37 5093.50) of Division 5 of the Public Resources Code.

38 (b) Groundwater storage projects and groundwater
39 contamination prevention or remediation projects that provide
40 water storage benefits.

1 (c) Conjunctive use and reservoir reoperation projects.

2 (d) Local and regional surface storage projects that improve the
3 operation of water systems in the state, including, but not limited
4 to, reservoirs for storing recycled water.

5 (e) Projects that remove sediment, improve dam stability in
6 seismic events, or otherwise restore water storage capacity in
7 existing water storage reservoirs.

8 79764. A project in the Delta watershed or an area that receives
9 water from the Delta watershed shall be eligible for funding
10 pursuant to this chapter to further the policy set forth in Section
11 85021.

12 79765. (a) Funds allocated pursuant to this chapter may be
13 expended solely for the following public benefits associated with
14 water storage projects:

15 (1) Ecosystem improvements, including changing the timing of
16 water diversions, improvement in flow conditions, temperature,
17 or other benefits that contribute to restoration of aquatic ecosystems
18 and native fish and wildlife, including those ecosystems and fish
19 and wildlife in the Delta or the Delta tributaries.

20 (2) Water quality improvements in the Delta, or in other river
21 systems, that provide significant public trust fish and wildlife
22 resources, or that clean up and restore groundwater resources.

23 (3) Flood control benefits, including, but not limited to, increases
24 in flood reservation space in existing reservoirs by exchange for
25 existing or increased water storage capacity in response to the
26 effects of changing hydrology and decreasing snowpack on
27 California's water and flood management system.

28 (4) Regional water storage benefits for more than one drinking
29 water supplier or more than 3,000,000 people.

30 (5) Emergency response, including, but not limited to, securing
31 emergency water supplies and flows for dilution and salinity
32 repulsion following a natural disaster or act of terrorism.

33 (b) Funds shall not be expended pursuant to this chapter for the
34 costs of environmental mitigation measures or compliance
35 obligations .

36 79766. In consultation with the Department of Fish and
37 Wildlife, the State Water Resources Control Board, and the
38 department, the commission shall develop and adopt, by regulation,
39 methods for quantification and management of public benefits
40 described in Section 79765 by December 15, 2015. The regulations

1 shall include the priorities and relative environmental value of
2 ecosystem benefits as provided by the Department of Fish and
3 Wildlife and the priorities and relative environmental value of
4 water quality benefits as provided by the State Water Resources
5 Control Board.

6 79767. (a) Except as provided in subdivision (c), no funds
7 allocated pursuant to this chapter may be allocated for a project
8 until the commission approves the project based on the
9 commission's determination that all of the following have occurred:

10 (1) The commission has adopted the regulations specified in
11 Section 79766 and specifically quantified and made public the cost
12 of the public benefits associated with the project.

13 (2) The department has entered into a contract with each party
14 that will derive benefits, other than public benefits, as defined in
15 Section 79765, from the project that ensures the party will pay its
16 share of the total costs of the project. The benefits available to a
17 party shall be consistent with that party's share of total project
18 costs.

19 (3) The department has entered into a contract with each public
20 agency identified in Section 79766 that administers the public
21 benefits, after that agency makes a finding that the public benefits
22 of the project for which that agency is responsible meet all the
23 requirements of this chapter, to ensure that the public contribution
24 of funds pursuant to this chapter achieves the public benefits
25 identified for the project.

26 (4) The commission has held a public hearing for the purposes
27 of providing an opportunity for the public to review and comment
28 on the information required to be prepared pursuant to this
29 subdivision.

30 (5) All of the following additional conditions are met:

31 (A) Feasibility studies have been completed.

32 (B) The commission has found and determined that the project
33 is feasible, is consistent with all applicable laws and regulations,
34 and, if the project is in the Delta watershed or an area that receives
35 water from the Delta watershed, will advance one or more of the
36 policy objectives specified in Section 85020.

37 (C) All environmental documentation associated with the project
38 has been completed, and all other federal, state, and local approvals,
39 certifications, and agreements required to be completed have been
40 obtained.

1 (b) The commission shall submit to the Legislature its findings
2 for each of the criteria identified in subdivision (a) for a project
3 funded pursuant to this chapter.

4 (c) Notwithstanding subdivision (a), funds may be made
5 available under this chapter for the completion of environmental
6 documentation and permitting of a project.

7 79768. (a) The public benefit cost share of a project funded
8 pursuant to this chapter shall not exceed 50 percent of the total
9 costs of any project funded under this chapter.

10 (b) In order to receive funding authorized by this chapter to
11 improve groundwater storage in an aquifer, the applicant shall
12 demonstrate that a public agency has authority to manage the water
13 resources in that aquifer.

14 79769. (a) A project is not eligible for funding under this
15 chapter unless, by January 1, 2018, all of the following conditions
16 are met:

17 (1) All feasibility studies are complete and draft environmental
18 documentation is available for public review.

19 (2) The commission makes a finding that the project is feasible,
20 and will advance the long-term objectives of restoring ecological
21 health and improving water management for beneficial uses.

22 (3) The director receives commitments for not less than 75
23 percent of the nonpublic benefit cost share of the project.

24 (b) If compliance with subdivision (a) is delayed by litigation
25 or failure to promulgate regulations, the date in subdivision (a)
26 shall be extended by the commission for a time period that is equal
27 to the time period of the delay, and funding under this chapter that
28 has been dedicated to the project shall be encumbered until the
29 time at which the litigation is completed or the regulations have
30 been promulgated.

31 79770. (a) Funding authorized by this chapter shall not be
32 used to pay any share of the costs of remediation attributed to
33 parties responsible for the contamination of a groundwater storage
34 aquifer, but may be used to pay costs that cannot be recovered
35 from responsible parties. Parties that receive funding for
36 remediating groundwater storage aquifers shall exercise their best
37 efforts to recover the costs of groundwater cleanup from the parties
38 responsible for the contamination.

1 (b) Projects that leverage funding from local agencies and
2 responsible parties to the maximum extent possible shall receive
3 priority consideration in groundwater storage project selection.

4
5 CHAPTER 10. FISCAL PROVISIONS
6

7 79800. (a) Bonds in the total amount of eight billion five
8 hundred million dollars (\$8,500,000,000), or so much thereof as
9 is necessary, not including the amount of any refunding bonds
10 issued in accordance with Section 79812 may be issued and sold
11 to provide a fund to be used for carrying out the purposes expressed
12 in this division and to reimburse the General Obligation Bond
13 Expense Revolving Fund pursuant to Section 16724.5 of the
14 Government Code. The bonds, when sold, shall be and constitute
15 a valid and binding obligation of the State of California, and the
16 full faith and credit of the State of California is hereby pledged
17 for the punctual payment of both principal of, and interest on, the
18 bonds as the principal and interest become due and payable.

19 (b) The Treasurer shall sell the bonds authorized by the
20 committee pursuant to this section. The bonds shall be sold upon
21 the terms and conditions specified in a resolution to be adopted
22 by the committee pursuant to Section 16731 of the Government
23 Code.

24 79801. The bonds authorized by this division shall be prepared,
25 executed, issued, sold, paid, and redeemed as provided in the State
26 General Obligation Bond Law (Chapter 4 (commencing with
27 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
28 Code), and all of the provisions of that law apply to the bonds and
29 to this division and are hereby incorporated in this division as
30 though set forth in full in this division, except subdivisions (a) and
31 (b) of Section 16727 of the Government Code.

32 79802. (a) Solely for the purpose of authorizing the issuance
33 and sale pursuant to the State General Obligation Bond Law
34 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
35 4 of Title 2 of the Government Code) of the bonds authorized by
36 this division, the Clean, Safe, and Reliable Drinking Water Finance
37 Committee is hereby created. For purposes of this division, the
38 Clean, Safe, and Reliable Drinking Water Finance Committee is
39 the “committee” as that term is used in the State General Obligation
40 Bond Law.

1 (b) The committee consists of the Director of Finance, the
2 Treasurer, the Controller, the Director of Water Resources, and
3 the Secretary of the Natural Resources Agency. Notwithstanding
4 any other provision of law, any member may designate a
5 representative to act as that member in his or her place for all
6 purposes, as though the member were personally present.

7 (c) The Treasurer shall serve as chairperson of the committee.

8 (d) A majority of the committee may act for the committee.

9 79803. The committee shall determine whether or not it is
10 necessary or desirable to issue bonds authorized pursuant to this
11 division in order to carry out the actions specified in this division
12 and, if so, the amount of bonds to be issued and sold. Successive
13 issues of bonds may be authorized and sold to carry out those
14 actions progressively, and it is not necessary that all of the bonds
15 authorized to be issued be sold at any one time.

16 79804. For purposes of the State General Obligation Bond
17 Law, “board,” as defined in Section 16722 of the Government
18 Code, means the Department of Water Resources.

19 79805. There shall be collected each year and in the same
20 manner and at the same time as other state revenue is collected,
21 in addition to the ordinary revenues of the state, a sum in an amount
22 required to pay the principal of, and interest on, the bonds each
23 year. It is the duty of all officers charged by law with any duty in
24 regard to the collection of the revenue to do and perform each and
25 every act that is necessary to collect that additional sum.

26 79806. Notwithstanding Section 13340 of the Government
27 Code, there is hereby appropriated from the General Fund in the
28 State Treasury, for the purposes of this division, an amount that
29 will equal the total of the following:

30 (a) The sum annually necessary to pay the principal of, and
31 interest on, bonds issued and sold pursuant to this division, as the
32 principal and interest become due and payable.

33 (b) The sum that is necessary to carry out the provisions of
34 Section 79809, appropriated without regard to fiscal years.

35 79807. The board may request the Pooled Money Investment
36 Board to make a loan from the Pooled Money Investment Account
37 in accordance with Section 16312 of the Government Code for the
38 purpose of carrying out this division less any amount withdrawn
39 pursuant to Section 79809. The amount of the request shall not
40 exceed the amount of the unsold bonds that the committee has, by

1 resolution, authorized to be sold for the purpose of carrying out
2 this division. The board shall execute those documents required
3 by the Pooled Money Investment Board to obtain and repay the
4 loan. Any amounts loaned shall be deposited in the fund to be
5 allocated in accordance with this division.

6 79808. Notwithstanding any other provision of this division,
7 or of the State General Obligation Bond Law, if the Treasurer sells
8 bonds that include a bond counsel opinion to the effect that the
9 interest on the bonds is excluded from gross income for federal
10 tax purposes under designated conditions or is otherwise entitled
11 to any federal tax advantage, the Treasurer may maintain separate
12 accounts for the bond proceeds invested and for the investment
13 earnings on those proceeds, and may use or direct the use of those
14 proceeds or earnings to pay any rebate, penalty, or other payment
15 required under federal law or take any other action with respect
16 to the investment and use of those bond proceeds, as may be
17 required or desirable under federal law in order to maintain the
18 tax-exempt status of those bonds and to obtain any other advantage
19 under federal law on behalf of the funds of this state.

20 79809. For the purposes of carrying out this division, the
21 Director of Finance may authorize the withdrawal from the General
22 Fund of an amount or amounts not to exceed the amount of the
23 unsold bonds that have been authorized by the committee to be
24 sold for the purpose of carrying out this division less any amount
25 borrowed pursuant to Section 79807. Any amounts withdrawn
26 shall be deposited in the fund. Any moneys made available under
27 this section shall be returned to the General Fund, with interest at
28 the rate earned by the moneys in the Pooled Money Investment
29 Account, from proceeds received from the sale of bonds for the
30 purpose of carrying out this division.

31 79810. All moneys deposited in the fund that are derived from
32 premium and accrued interest on bonds sold pursuant to this
33 division shall be reserved in the fund and shall be available for
34 transfer to the General Fund as a credit to expenditures for bond
35 interest, except that amounts derived from premium may be
36 reserved and used to pay the cost of bond issuance prior to any
37 transfer to the General Fund.

38 79811. Pursuant to Chapter 4 (commencing with Section
39 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
40 the cost of bond issuance shall be paid out of the bond proceeds,

1 including premium, if any. To the extent the cost of bond issuance
2 is not paid from premiums received from the sale of bonds, these
3 costs shall be shared proportionately by each program funded
4 through this division by the applicable bond sale.

5 79812. The bonds issued and sold pursuant to this division
6 may be refunded in accordance with Article 6 (commencing with
7 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
8 the Government Code, which is a part of the State General
9 Obligation Bond Law. Approval by the voters of the state for the
10 issuance of the bonds under this division shall include approval
11 of the issuance of any bonds issued to refund any bonds originally
12 issued under this division or any previously issued refunding bonds.

13 79813. The proceeds from the sale of bonds authorized by this
14 division are not “proceeds of taxes” as that term is used in Article
15 XIII B of the California Constitution, and the disbursement of
16 these proceeds is not subject to the limitations imposed by that
17 article.

18 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
19 Session of the Statutes of 2009, as amended by Section 1 of
20 Chapter 74 of the Statutes of 2012, is repealed.

21 SEC. 4. Section 2 of this act shall be submitted to the voters
22 at the November 4, 2014, statewide general election in accordance
23 with provisions of the Government Code and the Elections Code
24 governing the submission of a statewide measure to the voters.

25 SEC. 5. Section 2 of this act shall take effect upon the approval
26 by the voters of the Clean, Safe, and Reliable Drinking Water Act
27 of 2014, as set forth in that section at the November 4, 2014,
28 statewide general election.